

**STATEMENT OF  
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OF THE  
DISABLED AMERICAN VETERANS  
BEFORE THE  
COMMITTEE ON VETERANS' AFFAIRS  
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS  
AND THE  
SUBCOMMITTEE ON HEALTH  
UNITED STATES HOUSE OF REPRESENTATIVES  
MAY 16, 2002**

Messrs. Chairman and Members of the Subcommittees:

Thank you for the opportunity to present the views of the Disabled American Veterans (DAV) on the management of Department of Veterans Affairs (VA) affiliated nonprofit research corporations and educational foundations and the effectiveness of the partnership between those corporations and the Veterans Health Administration (VHA). As an organization of more than one million service-connected disabled veterans, DAV is especially concerned about maintaining a veterans' health care system that can meet its primary mission of providing quality medical care to our Nation's veterans and effectively carry out all its other missions, including research.

The VA Medical and Prosthetic Research Program has been a hallmark of VA excellence. Researchers in VHA research programs have received three Nobel prizes and numerous other distinguished awards. VA research concentrates on health care concerns that are prevalent among veterans and has become a world leader in such research areas as aging, women veterans' health concerns, AIDS, and post-traumatic stress and other mental health disorders. The fiscal year 2003 *Independent Budget (IB)*, co-authored by the DAV, the Veterans of Foreign Wars, Paralyzed Veterans of America, and AMVETS, rightfully acknowledged VA's Medical and Prosthetic Research Program as a national asset. The *IB* stressed the importance of supporting VA research now and in the future, recognizing that advances in medical treatment and technology developed in VA hospitals and research laboratories have greatly improved not only the quality of life of veterans but all Americans. VA's research program also helps to attract first-rate physicians and keep veterans' health care on the cutting edge. The *IB* noted that, "The atmosphere of medical excellence and ingenuity promotes the advancement of medical science in conjunction with the nation's leading medical schools and ultimately benefits every veteran receiving VA care."

With a clinical focus on improving patient care through evidence-based research, VA has worked hard to be a national leader in health care. And, according to VA, "VHA provides an unparalleled setting for its researchers to see their results rapidly and directly applied to better patient care and shared with the medical and scientific community in general." VA's research and development contributions include: discovery of a potential new therapy for chronic pain; identification of genes associated with Alzheimer's disease and schizophrenia; development of lighter better-fitting artificial limbs; pioneer of early treatment for spinal cord injury;

performance of the first successful liver transplant; and demonstration of the fact that aspirin reduced rates of death and heart attacks for angina patients. VA also developed its own Quality Enhancement Research Initiative to translate research discoveries into better patient care and systems improvement.

In 1988, Congress passed legislation that allowed VA medical centers to establish nonprofit research corporations (NPCs), broadening VA's ability to accept private and non-VA public funds to support VA's research program. Subsequently, Congress expanded the authority of the NPCs to include supporting VA's patient and staff education, and training missions as well. Section 7361 of title 38, United States Code, authorizes the establishment of a nonprofit corporation at any VA medical center to provide a flexible funding mechanism for approved research and education. Congress allowed VA to develop appropriate regulations for the VA NPCs, which are specified in the VHA Research and Development Manual. There have also been several General Counsel opinions issued in response to specific concerns of operating a VA NPC. Additionally, NPCs are required to comply with local, state, and federal requirements.

The National Association of Veterans' Research and Education Foundations (NAVREF) is a membership organization of the VA-affiliated nonprofit research foundations. NAVREF's mission is to promote the interests of the VA affiliated NPCs and to provide a forum for guidance on managing a VA NPC. NAVREF's stated goals include promoting the highest standards of fiscal and operational management; assuring appropriate, but not overly burdensome, oversight and regulation of the corporations; education of the general public and Congress about VA research; and advocating improved federal support for the program.

From DAV's perspective, the partnership between VHA and NPCs is a successful and highly effective one. We certainly want to ensure that continued oversight is maintained and that VA research programs are properly managed. We believe sufficient compliance standards are in place to ensure proper management and regulation of research funds. It is clear that the affiliated NPCs are an integral component of VA research initiatives and greatly enhance VA's research program in a number of ways. NAVREF reports that: 1) NPCs bring additional resources to VA that ultimately benefit veterans' medical care; 2) research involving clinical drug trials increases veterans' access to the latest drugs and technology; 3) NPCs provide opportunities that attract first-rate physicians to careers in VA; and 4) administrative overhead is significantly reduced by NPCs to ensure more resources may be available for research or retained for the benefit of the affiliated VA medical center.

NAVREF testified before the Subcommittee on Health of the House Veterans' Affairs on behalf of the Friends of VA Medical Care and Health Research (FOVA) on April 24, 2002, and stated that NPCs and researchers are faced with many challenges as a result of VA funding shortfalls. We acknowledge the concerns brought to light during that hearing regarding the serious need for infrastructure renovations and improvements at many VA research facilities. We concur that VHA's research infrastructure in many locations is desperately in need of repair and improvement. Significant investment in VA's research infrastructure is essential to maintain the viability of the program. Adequate funds are necessary to upgrade research infrastructure to current standards to ensure the safety of patients, researchers, and their staff. DAV believes it is an investment worth making. If VA research facilities are allowed to fall into further disrepair

and decline, VHA's opportunities for leveraging its research funds will likely be compromised. VA's research laboratories must be able to accommodate modern science. If facilities are inadequate for research purposes, VA becomes a less attractive research partner. NAVREF testified that, "[l]ess than state-of-the-art research facilities also impact on medical centers' ability to attract investigators to VA, particularly clinician investigators, those who have the most direct impact on the quality of care provided to veterans." The IB recommends that VHA should allocate research infrastructure improvement funds independently of the Veterans Equitable Resource Allocation System (VERA).

Regardless of the overall challenges pertaining to VA research and affiliated partnerships, the *IB* strongly supports a constantly expanding research program focused on veterans' health concerns, particularly aging and disability. VA should not have to choose between meeting veterans' basic clinical needs and continuing its high standards for research, given the direct impact of VA research on veteran patients' overall health and well-being.

We thank the Subcommittees for holding this hearing today and providing DAV the opportunity to express our views on the management of VA-affiliated nonprofit research corporations and educational foundations.